Public Appointments Commission Secretariat

2007-2008

Departmental Performance Report

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Section I: Overview

Management Representation Statement

I submit for tabling in Parliament, the 2007–08 *Departmental Performance Report* for the Public Appointments Commission Secretariat.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007–08 Estimates: Reports on Plans and Priorities and Departmental Performance Reports:*

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the department's approved Strategic Outcome(s) and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Christine Miles
Deputy Executive Director
Public Appointments Commission Secretariat

Summary Information

PAC's Raison d'être

The Public Appointments Commission Secretariat was created by Order in Council on April 21, 2006. The Secretariat was created to support the establishment of the Public Appointments Commission, whose mandate is described in the *Federal Accountability Act*. In advance of the appointment of Commissioners, the Secretariat's role is to lay the groundwork for the eventual establishment of the Commission. The operations of the Commission and its supporting Secretariat will help to ensure that appointments to agencies, boards, commissions and Crown corporations are made accordingly to fair and competency-based selection processes, thereby enhancing confidence in the integrity of the system.

The Commission and its Secretariat are within the portfolio of the Prime Minister, reflecting the prerogative of the Prime Minister with respect to Governor-in-Council appointments.

Financial Resources (thousand of dollars)

2007–2008		
Planned Spending	**Total Authorities**	**Actual Spending**
1,074	955	113

Human Resources (full-time equivalents)

2007-08		
Planned	**Actual**	**Difference**
4	1	3

From April 2007 to November 2007, there were no personnel in the Public Appointments Commission Secretariat. A Deputy Executive Director, supported by and Administrative Assistant (hired by contract), was assigned at the beginning of November 2007.

Departmental Priorities

Name	Type	Performance Status
1. Support the Commission	Ongoing	Successfully met
2. Build the Organization	New	Successfully met
3. Develop and Implement the Code of Practice	New	Successfully met
4. Monitor, audit and report out	Ongoing	Successfully met

The key focus for 2007-2008 continues to be to lay the groundwork for the eventual establishment of the Public Appointments Commission.

Once Commissioners have been appointed, the Secretariat will provide policy and operational support to the chair and members. To minimize delays, background materials have been developed to provide Commission members information upon which to make key decisions on strategic directions for the development and implementation of the Commission's mandate.

The Secretariat strengthened the establishment of its organizational structure including delegated authorities and a revised memorandum of understanding with PCO to provide key administrative and financial services.

Options were developed for a possible *Code of Practice*, for the consideration of Commission members once appointed including associated guidance reflecting research on best practices.

Options were also developed on ways to monitor, audit and report on progress towards implementing the *Code of Practice* in anticipation of the Commission's establishment.

Program Activities by Strategic Outcome (thousand of dollars)

	Expected Results	**Performance Status**	**2007-2008**		**Contributes to the following priority**
			Planned Spending	**Actual Spending**	
Strategic Outcome:	To ensure fair competency-based processes are in place for the recruitment and selection of qualified individuals for Governor-in-Council appointments across agencies, boards, commissions and Crown corporations				
Oversight of the Governor-in-Council appointment			1,074	113	Support the Commission
Total			1,074	113	

Section II: Analysis of Program Activities by Strategic Outcome

Analysis by Program Activity

The Public Appointments Commission Secretariat has only one Strategic Outcome, described below, which in turn is supported by one Program Activity. The Strategic outcome supports the overall plan to strengthen accountability in government as outlined in the *Federal Accountability Act.*

Strategic Outcome:

To ensure fair and competency-based processes are in place for the recruitment and selection of qualified individuals for Governor-in-Council appointments across agencies, boards, commissions and Crown corporations.

Program Activity:

Oversight of the Governor-in-Council appointment.

Financial Resources (thousand of dollars)

2007–2008		
Planned Spending	**Authorities**	**Actual Spending**
1,074	955	113

Human Resources (full-time equivalents)

2007–2008		
Planned	**Actual**	**Difference**
4	1	3

Although the Commission was not announced for this reporting period, the Secretariat ensured that its organization was well structured and prepared for the Commission's establishment on short notice.

Work on laying the groundwork for the eventual Commission included research on international and domestic best practices respecting public appointment practices, developing options for a *Code of Practice* and associated guidance for agencies, boards, commissions and Crown corporations. Additionally, the Secretariat developed prototypes for strategic appointment plans using minimum appointment standards, that could be adopted by public organizations within the Commission's remit, ensuring that although the plans promoted rigorous selection processes,

they still could provide for flexibility to accommodate the wide range of agencies, boards, commissions and Crown corporations, in terms of size and responsibilities. This groundwork fully complements the ongoing work of the PCO in refining, streamlining and modernizing the Governor-in-Council appointment processes, following the principles set out for the Public Appointments Commission in the *Federal Accountability Act.*

Section III: Supplementary Information

Table 1: Departmental Link to Government of Canada Outcome Areas.

Strategic Outcome:	*To ensure fair and competency-based processes are in place for the recruitment and selection of qualified individuals for Governor-in-Council appointments across agencies, boards, commissions and Crown corporations.*			
	Actual Spending 2007-08			**Alignment to Government of Canada Outcome Area**
	Budgetary	**Non-budgetary**	**Total**	
Oversight of the Governor-in-Council appointment	113	-	113	All Government of Canada Outcomes
Total	113	-	113	

Alignment: To ensure fair and competency based processes are in place for the recruitment and selection of qualified individuals for Governor-in-Council appointments across agencies, boards, commissions and Crown Corporations.

The Program Activity contributes to the achievement of all Government of Canada Outcomes by ensuring that selection process for federal Governor-in-Council appointments are fair and competency based.

Table 2: Comparison of Planned to Actual Spending (including FTEs)

(thousand of dollars)	2005–2006 Actual	2006–2007 Actual	2007–2008			
			Main Estimates	Planned Spending	Total Authorities	Actual
Reviews	-	633	1,074	1,074	955	113
Total	**-**	**633**	**1,074**	**1,074**	**955**	**113**
Plus: Cost of services received without charge	-	104	N/A	116	N/A	45
Total Departmental Spending	**-**	**737**	**N/A**	**1,190**	**N/A**	**158**
Full-time Equivalents	**-**	**4**	**N/A**	**4**	**N/A**	**1**

Variation between the Total Planned Spending and the Total authority

The $0.1 million decrease is due to an adjustment of $0.1 million for the Employee Benefit Plan rate.

Variation between the Total authority and the Total Actual Spending

The $0.8 million surplus is explained as there were no personnel to pursue the activities of the PACS from the period of April 2007 to October 2007 and a partially staffed organization thereafter.

Variation between the Actual Spending 2006-2007 and the Actual Spending 2007-2008

The decrease of $0.5 million is explained by having a fully staffed organization in 2006-2007 and having no personnel to pursue the activities of the PACS from the period of April 2007 to October 2007 and a partially staffed organization thereafter.

Table 3: Voted and Statutory Items

(thousand of dollars)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2007–2008			
		Main Estimates	Planned Spending	Total Authorities	Actual
25	Program expenditures	945	945	945	**103**
(S)	Contributions to employee benefit plans	129	129	10	10
Total		**1,074**	**1,074**	**955**	**113**

Table 4: Travel Policies

The Public Appointments Commission Secretariat follows the Treasury Board of Canada Special Travel Authorities.

The Public Appointments Commission Secretariat follows the Treasury Board of Canada Travel Directive, Rates and Allowances.

PUBLIC APPOINTMENTS COMMISSION SECRETARIAT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

Public Appointments Commission Secretariat
Financial Statements (Unaudited)

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Public Appointments Commission Secretariat's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Public Appointments Commission Secretariat's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable; that assets are safeguarded; and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Public Appointments Commission Secretariat.

The financial statements of the Public Appointments Commission Secretariat have not been audited.

Christine Miles
Deputy Executive Director

Ottawa, Ontario

August 08, 2008

Public Appointments Commission Secretariat
Statement of Operations (Unaudited)

for the year ended March 31, 2008

Expenses	2008	2007
	(in thousands of dollars)	
Salaries and employee benefits	69	572
Accommodation (Note 6)	39	67
Professional and special services	21	76
Rental	4	3
Other expenses	-	5
Transportation and telecommunication	-	33
Utilities, materials and equipment	-	5
Employee severance benefits (Note 4)	(82)	82
Net Cost of Operations	**51**	**843**

The accompanying notes form an integral part of these financial statements.

Public Appointments Commission Secretariat
Statement of Financial Position (Unaudited)

at March 31, 2008

Assets	2008	2007
	(in thousands of dollars)	
Financial assets		
Accounts receivable from other federal government departments and agencies	119	-
Total financial assets	**119**	**-**
Liabilities and Equity of Canada		
Liabilities		
Accounts payable to other federal government departments and agencies	17	54
Vacation pay and compensatory leave	-	25
Employee severance benefits (Note 4)	-	82
Total liabilities	**17**	**161**
Equity of Canada	**102**	**(161)**
Total	**119**	**-**

Contractual obligations (Note 5)
The accompanying notes form an integral part of these financial statements.

Public Appointments Commission Secretariat
Statement of Equity of Canada (Unaudited)

at March 31, 2008

	2008	2007
	(in thousands of dollars)	
Equity of Canada, beginning of year	**(161)**	**-**
Net cost of operations	(51)	(843)
Services provided without charge by other government departments (Note 6)	45	103
Current year appropriations used (Note 3)	113	633
Change in net position in the Consolidated Revenue Fund (Note 3c)	156	(54)
Equity of Canada, end of year	**102**	**(161)**

The accompanying notes form an integral part of these financial statements.

Public Appointments Commission Secretariat
Statement of Cash Flow (Unaudited)

for the year ended March 31, 2008

	2008	2007
	(in thousands of dollars)	
Operating Activities		
Net cost of operations	51	843
Non-cash items		
Services provided without charge by other government departments (Note 6)	(45)	(103)
Variation in Statement of Financial Position		
Increase in accounts receivable	119	-
(Increase) decrease in liabilities:		
Accounts payable to other federal government departments and agencies	37	(54)
Vacation pay and compensatory leave	25	(25)
Employee severance benefits	82	(82)
	263	(161)
Cash used by operating activities	**269**	**579**
Net cash provided by Government of Canada	**269**	**579**

The accompanying notes form an integral part of these financial statements.

Public Appointments Commission Secretariat
Notes to Financial Statements (Unaudited)

for the year ended March 31, 2008

1. *Authority and Objectives*

The Public Appointments Commission Secretariat was established by Order in Council number PC 2006-0228, on April 21, 2006. The Secretariat was created to prepare the ground for the establishment of the Public Appointments Commission, and once established, to provide ongoing support. The mandate of the Commission and its Secretariat is described in the Federal Accountability Act.

The Commission and its Secretariat are within the portfolio of the Prime Minister, reflecting the prerogative of the Prime Minister with respect to Governor-in-Council appointments.

2. *Summary of Significant Accounting Policies*

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector. Significant accounting policies are as follows:

a) **Parliamentary appropriations**: The Public Appointments Commission Secretariat is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Public Appointments Commission Secretariat do not parallel financial reporting according to Canadian generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

b) **Net cash provided by government**: The Public Appointments Commission Secretariat operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by the Public Appointments Commission Secretariat is deposited to the CRF and all cash disbursements made by the Public Appointments Commission Secretariat are paid from the CRF. The net cash provided by government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

c) **Change in net position in the Consolidated Revenue Fund** is the difference between the net cash provided by government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the Public Appointments Commission Secretariat. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

d) **Expenses** are recorded on the accrual basis:
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

- Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

e) **Employee future benefits**:
- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The Public Appointments Commission Secretariat's contributions to the plan are charged to expenses in the year incurred and represent the total departmental obligation to the plan. Current legislation does not require the Public Appointments Commission Secretariat to make contributions for any actuarial deficiencies of the plan.

- Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the government as a whole.

f) **Accounts receivable** are stated at amounts expected to be ultimately realized: a provision is made for receivables where recovery is considered uncertain.

g) **Measurement uncertainty**: The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes these estimates and assumptions to be reasonable. The most significant item where estimates are used is the liability for employee severance benefits. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustment become necessary, they are recorded in the financial statements in the year they become known.

Public Appointments Commission Secretariat
Notes to Financial Statements (Unaudited)

for the year ended March 31, 2008

3. *Parliamentary Appropriations*

The Public Appointments Commission Secretariat receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Public Appointments Commission Secretariat has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to current year appropriations used:

	2008	2007
	(in thousands of dollars)	
Net cost of operations	51	843
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Services provided without charge by other government departments (Note 6)	(45)	(103)
Vacation pay and compensatory leave	25	(25)
Employee severance benefits	82	(82)
Current year appropriations used	**113**	**633**

b) Appropriations provided and used:

	2008	2007
	(in thousands of dollars)	
Vote - Operating expenditures	945	986
Statutory amounts	10	54
Less:		
Appropriations available for future years	-	-
Lapsed appropriations: Operating	(842)	(407)
Current year appropriations used	**113**	**633**

c) Reconciliation of net cash provided by government to current year appropriations used:

	2008	2007
	(in thousands of dollars)	
Net cash provided by government	269	579
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable	(119)	-
Variation in accounts payable	(37)	54
	(156)	54
Current year appropriations used	**113**	**633**

4. *Employee Benefits*

a) **Pension benefits**: Eligible Public Appointments Commission Secretariat's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and are indexed to inflation.

Both the employees and the Public Appointments Commission Secretariat contribute to the cost of the Public Service Pension Plan. The 2007-08 expense amounts to $9,333 ($39,920 in 2006-07) which represents approximately 2.1 times (2.2 in 2006-07) the contributions by employee.

The Public Appointments Commission Secretariat responsibility with regard to the plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the plan's sponsor.

b) **Severance benefits**: The Public Appointments Commission Secretariat provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2008	2007
	(in thousands of dollars)	
Accrued benefits obligation, beginning of year	82	-
Expense for the year	(82)	82
Benefit paid during the year	-	-
Accrued benefit obligation, end of year	**-**	**82**

5. *Contractual Obligations*

The nature of the Public Appointments Commission Secretariat's activities can result in large multi-year contracts and obligations whereby the Department will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2009	2010	2011	2012	2013 and thereafter	Total
Rental	7	6	6	6	4	29

6. *Related Party Transactions*

The Public Appointments Commission Secretariat is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The Public Appointments Commission Secretariat enters into transactions with these entities in the normal course of business and on normal trade terms.

Services provided without charge: During the year, the Public Appointments Commission Secretariat received, without charge from other government departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Public Appointments Commission Secretariat's Statement of Operations as follows:

	2008	2007
	(in thousands of dollars)	
Accommodation	39	67
Employer's contribution to the health and dental insurance plans	6	36
Total	**45**	**103**

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included as an expense in the Public Appointments Commission Secretariat's Statement of Operations.

7. *Comparative information*

Comparative figures have been reclassified to conform to the current year's presentation.